

Fiscal Note

Fiscal Services Division



HF 247 – Medicaid Scams and Fraud Prevention (LSB1656HV)

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Fiscal Note Version – New

Description

House File 247 directs the Department of Human Services (DHS) to contract with a third-party vendor to implement a computerized asset, income, and identity eligibility verification system. The vendor's system will contact financial institutions in the State and nationally to verify income for individuals that apply for Medicaid based on the applicant's age, blindness, or disability. Electronic asset verification is required by the federal Affordable Care Act.

Assumptions

Based on research conducted by the DHS on contracting for an asset verification system it is assumed:

- There is a one-time vendor development cost of \$375,000 and annual ongoing operational costs of \$350,000.
- There will be a \$4.50 cost per verification and an estimated 129,000 verifications will be performed in FY 2016 and 131,000 in FY 2017.
- The Federal Medical Assistance Percentage Match (FMAP) rate for this type of technology project is 50.0%.
- The implementation of an automated asset verification system is likely to generate savings due to the denial of Medicaid coverage to individuals that exceed the asset limits.
- The annual Medicaid cost for the Supplemental Security Income (SSI) related population is \$22,000.
- It is estimated that there will be 59 individuals that will be found with assets over the limit in the first year and fewer going forward due to only new applicants being found over income.
- The regular Medicaid FMAP rate is 55.07% in FY 2016 and 54.91% in FY 2017.

Fiscal Impact

House File 247 is estimated to cost the General Fund \$69,000 in FY 2016. For FY 2017, the cost cannot be determined because it is difficult to estimate the number of denials due to excess income. For the changes to be budget neutral in FY 2017, 42 individuals must be denied Medicaid coverage for exceeding the income eligibility limit.

Source

Department of Human Services

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
